

MEMORANDUM



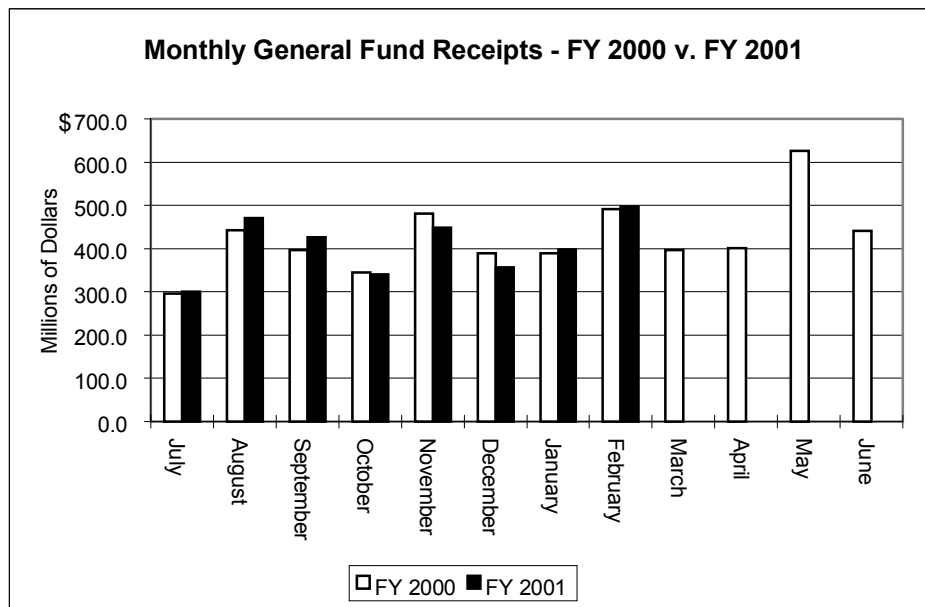
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: March 1, 2001

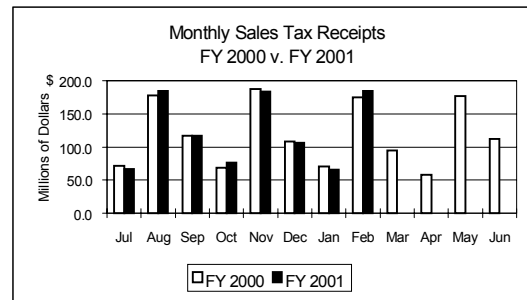
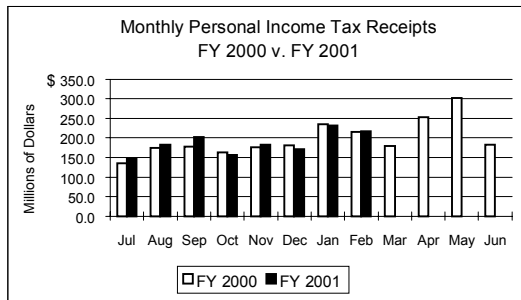
General Fund Receipts Through February 28, 2001

The attached spreadsheet represents total FY 2001 estimated General Fund receipts, with comparable figures for actual FY 2000. These can be compared to the latest FY 2001 estimate (\$5.275 billion) set by the Revenue Estimating Conference (REC) on December 8, 2000. The estimate represents an increase of \$178.4 million (3.5%) compared to actual FY 2000.



FY 2001 Compared to FY 2000

Year-to-date FY 2001 revenue increased by \$8.1 million (0.3%) compared to FY 2000. This is below the REC estimate of 3.5% for FY 2001.



Gross personal income tax revenues received in February totaled \$216.8 million, an increase of \$2.1 million (1.0%) compared to February 2000.

The REC FY 2001 income tax estimate of \$2.524 billion represents a projected increase of 6.2% compared to actual FY 2000. The year-to-date growth in personal income tax is currently 2.5%.

Withholding receipts increased in February by 4.4% compared to February 2000 while estimated payments decreased 0.01%.

The Chart above compares monthly personal income tax receipts for FY 2000 with FY 2001.

Sales tax receipts in February totaled \$184.9 million, an increase of \$9.8 million (5.6%) compared to February 2000.

The REC estimate for FY 2001 sales tax receipts is \$1.469 billion, which represents an increase of 3.7% compared to actual FY 2000. The year-to-date growth in sales tax is currently 1.2%.

The Chart above compares monthly sales tax receipts for FY 2000 with FY 2001.

Corporate income tax receipts decreased in February by \$1.1 million (-7.5%) compared to February 2000.

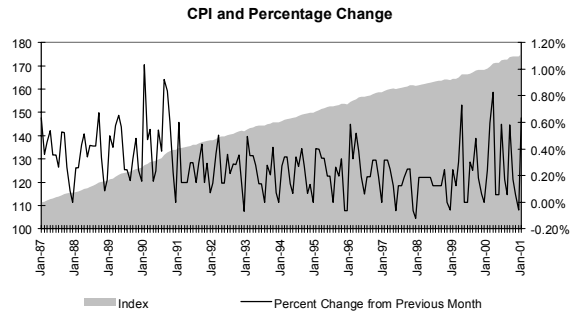
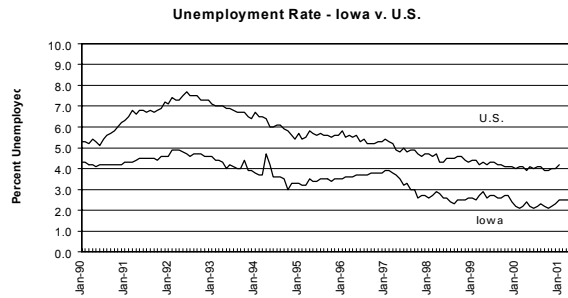
The REC projected FY 2001 corporate income tax receipts at \$319.6 million, a decrease of 2.0% compared to actual FY 2000. The year-to-date decrease in corporate income tax is currently -6.8%.

Status of the Economy

The seasonally adjusted percent unemployed for the State in January remained unchanged from December's rate of 2.5%. The unemployment rate a year ago was 2.7%. Iowa's total January employment registered at 1,538,800, up from December's level of 1,528,100. This is the second highest recorded since 1978. The number of unemployed persons in Iowa stood at 40,300 in January, which is up from December's level of 39,500. The U.S. unemployment rate was 4.2% for January, up from December's rate of 4.0%.

Consumer prices in January increased by 0.6% from December's level. The Consumer Price Index (CPI-U) through January 2000 was 175.10 (1983=100), which is 3.8% higher than one year ago. The increase in January is the largest monthly gain since March 2000. Rising energy costs accounted for over half of this increase.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through January 2001.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).

GENERAL FUND RECEIPTS -FY 2000 vs.FY 2001 July 1 through February 28, in m illions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in m illions of dollars FY 00 Actual Compared to FY 01 REC Estimate		
	FY 2000	FY 2001	Year to Date % CHANGE	February % CHANGE	Actual FY 2000	Estimate FY 2001	% CHANGE
Personal Income Tax	\$ 1,457.2	\$ 1,494.0	2.5%	1.0%	\$ 2,375.9	\$ 2,523.9	6.2%
Sales Tax	974.9	986.3	1.2%	5.6%	1,416.6	1,469.0	3.7%
Use Tax	175.7	177.3	0.9%	-13.2%	246.8	253.0	2.5%
Corporate Income Tax	176.3	164.3	-6.8%	-7.5%	326.1	319.6	-2.0%
Inheritance Tax	84.2	68.2	-19.0%	81.1%	114.8	103.0	-10.3%
Insurance Premium Tax	14.5	14.1	-2.8%	-5.6%	120.2	122.0	1.5%
Cigarette Tax	59.5	58.7	-1.3%	16.9%	91.1	90.5	-0.7%
Tobacco Tax	4.5	4.0	-11.1%	-60.0%	6.6	7.2	9.1%
Beer Tax	9.2	9.2	0.0%	0.0%	13.6	13.8	1.5%
Franchise Tax	17.9	18.1	1.1%	25.0%	31.8	31.9	0.3%
Miscellaneous Tax	2.8	3.4	21.4%	-75.0%	1.3	1.3	0.0%
Total Special Taxes	\$ 2,976.7	\$ 2,997.6	0.7%	2.1%	\$ 4,744.8	\$ 4,935.2	4.0%
Institutional Payments	34.2	32.2	-5.8%	-39.2%	49.7	48.5	-2.4%
Liquor Transfers:							
Profits	22.5	24.0	6.7%	20.0%	36.0	36.0	0.0%
7% Gross Revenue	6.0	6.0	0.0%	0.0%	9.0	9.0	0.0%
Interest	16.7	13.5	-19.2%	8.3%	26.0	20.0	-23.1%
Fees	46.6	46.0	-1.3%	-48.5%	66.3	65.7	-0.9%
Judicial Revenue	29.4	28.4	-3.4%	2.0%	52.3	56.0	7.1%
Miscellaneous Receipts	39.1	31.6	-19.2%	5.9%	52.7	44.8	-15.0%
Racing and Gaming Receipt	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL RECEIPTS	\$ 3,231.2	\$ 3,239.3	0.3%	0.5%	\$ 5,096.8	\$ 5,275.2	3.5%